

Message Text

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E.O. 11652: N/A
TAGS: EFIN IN
SUBJECT: INCREASE IN FOREIGN EXCHANGE ALLOWANCES FOR INDIAN
BUSINESSMEN

SUMMARY: THE RESERVE BANK OF INDIA (RBI) HAS ANNOUNCED
AN INCREASE IN THE AMOUNT OF FOREIGN EXCHANGE TO BE MADE
AVAILABLE TO BUSINESSMEN TRAVELLING ABROAD. SUCH A MOVE WAS
PROMPTED BY THE RECOGNITION THAT
THE COSTS OF TRAVEL AND ACCOMMODATION OVERSEAS HAVE INCREASED
MARKEDLY. INDIA'S FAVORABLE FOREIGN EXCHANGE POSITION COUPLED
WITH THE GOVERNMENT'S EMPHASIS ON EXPORTS I.E., THE INCREASED
NEED FOR BUSINESSMEN TO TRAVEL, IS REFLECTED IN THIS
RBI DECISION. END SUMMARY.

1. ON AUGUST 15, 1976, THE RBI ISSUED A PRESS RELEASE
ANNOUNCING THAT THE MAXIMUM BASIC ALLOWANCE FOR SENIOR
BUSINESSMEN HAD BEEN RAISED FROM DOLS 60 TO DOLS 80 PER DAY AND
FROM DOLS 45 TO DOLS 60 FOR JUNIOR
BUSINESSMEN. IN ADDITION, TO COMPENSATE FOR THE RELATIVELY
HIGHER COST OF LIVING IN CERTAIN COUNTRIES, THERE WILL BE A
SPECIAL ALLOWANCE AT DIFFERENT RATES ON THE BASIC
EXCHANGE SCALE OF 20 PERCENT APPLICABLE TO THE WESTERN HEMIS-
PHERE, CERTAIN GULF COUNTRIES AND SAUDI RAABIA AND 10 PERCENT
FOR THE U.K., COUNTRIES OF EUROPE AND JAPAN. THE EXISTING
UNIFORM ALLOWANCE OF 20 PERCENT TOWARD SURFACE
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TRANSPORTATION AND INCIDENTALS HAS BEEN WITHDRAWN.

2. THIS SYSTEM OF VARIABLE ALLOWANCES IS EXPECTED TO PROVIDE A FLEXIBLE MECHANISM FOR QUICK ADJUSTMENT OF COST OF LIVING INCREASES IN DIFFERENT COUNTRIES FROM TIME TO TIME. UNDER THE NEW SYSTEM OF SCALES, SENIOR BUSINESSMEN PROCEEDING TO COUNTRIES IN THE WESTERN HEMISPHERE, CERTAIN GULF COUNTRIES AND SAUDI ARABIA WILL BE ABLE TO DRAW FOREIGN EXCHANGE ON THE ALL-INCLUSIVE SCALE OF DOLS 96 PER DAY, WHILE JUNIOR BUSINESSMEN VISITING THE SAME COUNTRIES CAN DRAW FOREIGN EXCHANGE UPTO DOLS 72 PER DAY.

3. SIMULTANEOUSLY, THE FOREIGN EXCHANGE TO BE RELEASED FOR ENTERTAINMENT EXPENSES TO BLANKET PERMIT HOLDERS AND EXPORTERS UNDERTAKING EXPORT PROMOTION TRIPS HAS BEEN RAISED FROM DOLS 100 TO DOLS 300 FOR SENIOR BUSINESSMEN AND FROM DOLS 50 TO DOLS 150 FOR JUNIOR BUSINESSMEN.SAXBE

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